

Message Text

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POUCHED TO ALL CONSULS IN CANADA

E.O. 11652: N/A

TAGS: EFIN, EIND, ETEL, SCUL, CA

SUBJECT: BILL C-58: SENATE HEARINGS

REF: OTTAWA 1684

1. BEGIN SUMMARY: OPENING SENATE C-58 HEARINGS FEATURED GOC COMMUNICATIONS MINISTER WHO EMPHASIZED THAT BILL WAS NOT BEING DISCUSSED WITH USG. EXCERPTS FROM HER TESTIMONY ARE GIVEN BELOW AND ATTENTION IS CALLED TO REMARKS OF OTHER MINISTERS ON PERIODICALS ASPECTS OF MEASURE. TEXT OF TRANSCRIPT HAS BEEN SENT TO DEPT AND FCC. ENDSUMMARY.

2. SENATE BANKING COMMITTEE HEARD COMMUNICATIONS MINISTER SAUVE ON MAY 6, SECOND DAY OF ITS HEARINGS ON BILL C-58. EMPHASIS OF SUAVE TESTIMONY WAS (A) TO PROVIDE STRONG SUPPORT FOR TAX MEASURE TO AID CANADIAN BROADCASTING WHICH AT ONE POINT SHE DESCRIBED AS "FRAGILE", ALTHOUGH HER OPENING STATEMENT NOTED PRIVATE SECTOR OF INDUSTRY HAD 1974 ADVERTISING REVENUES OF \$180 MILLION AND NET AFTER TAX PROFIT OF JUST OVER \$60 MILLION; AND (B) TO UNDERCUT ANY CLAIM BY U.S. BROADCASTERS THAT MEASURE WAS SUBJECT OF INTERGOVERNMENTAL NEGOTIATIONS AND ITS PASSAGE WOULD BE INJURIOUS TO US-CANADA

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RELATIONS.

3. FOLLOWING IS TEXT OF MAIN SUAVE STATEMENT ON SECOND ASPECT:

BEGIN QUOTE. IT HAS BEEN CCLAIMED THAT THIS BILL MAY BE HARMFUL TO THE NORMAL CLOSE RELATIONSHIP BETWEEN CANADA AND THE UNITED STATES, AND THAT IT IS SOMEHOW AN AFFRONT OR PROVOCATION. I THINK SUCH A CLAIM CONFUSES THE UNITED STATES ATTITUDE TO THIS BILL WITH ITS STAND ON SOME OF THE OTHER ASPECTS OF THE BORDER TELEVISION ISSUE. THE UNITED STATES GOVERNMENT HAS NEVER OBJECTED TO THE POLICY EXPRESSED IN CLAUSE 3 OF THIS BILL. DESPITE AN ENERGETIC LOBBY CONDUCTED BY UNITED STAES BORDER STATION INTERESTS, THE UNITED STATES STATE DEPARTMENT HAS CONSISTENTLY REFUSED TO TREAT THE BILL AS ANY THING OTHER THAN A LEGITIMATE USE OF CANADIAN TAX LAW. THE BILL HAS NOT BEEN THE SUBJECT OF DISCUSSION IN TALKS WHICH HAVE TAKEN PLACE BETWEEN OUR TWO COUNTRIES ON THE BORDER ADVERTISING DISPUTE. THE UNITED STATES GOVERNMENT HAS NOT OBJECTED TO IT, AND INDEED, IT HAS NO GROUNDS FOR OBJECTING. THE ONLY UNITED STATES OR AMERICAN INTERESTS WHICH WILL BE HARMED BY THIS BILL ARE THE PECUNIARY INTERESTS OF THE BORDER STATIONS THEMSELVES, AND AS I HAVE DEMONSTRATED, THEY NEITHER NEED NOR OUGHT TO BE PROTECTED BY US.

TO SAY THAT THIS BILL WILL PROVOKE THE UNITED STATES INTO RETALIATION, I THINK, IS TO RAISE A GROUNDLESS FEAR. IT IS, MOREOVER, A SLUR ON THE CHARACTER OF THAT COUNTRY TO IMPLY THAT IT WOULD SO MISCONCEIVE ITS OWN INTERESTS AS TO REACT TO A MEASURE WHICH DOES NOT HARM IT. THE RELATIONSHIP BETWEEN THE UNITED STATES AND CANADA WILL, IN BROADCASTING AS IN ALL OTHER MATTERS CONTINUE TO BE CHARACTERIZED BY FULL AND FRANK CO-OPERATION ON QUESTIONS OF MUTUAL INTEREST. THT IS WHY, FOR EXAMPLE, IN THE CONTEXT OF THE BORDER ADVERTISING DISPUTE, THIS GOVERNMENT HAS AGREED TO MEET WITH THE UNITED STATES GOVERNMENT IN ORDER TO EXAMINE ALTERNATIVE MEANS OF CARRYING OUT CANADIAN BROADCASTING POLICY OBJECTIVES.

IT IS UNDERSTOOD BY THE UNITED STATES GOVERNMENT, AND UNCLASSIFIED

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IT MUST BE EMPHASIZED HERE, THAT BILL C-58 IS NOT PART OF THESE DISCUSSIONS. THIS IS WITH REGARD TO THE COMMERCIAL DELETION. WE HAVE DISCUSSED THIS WITH THE AMERICANS AND I HAVE DISCUSSED IT MYSELF WITH THE AMERICAN AMBASSADOR. THEY UNDERSTAND THAT POLICY VERY WELL. THEY DO NOT AGREE WITH IT. BUT THEY UNDERSTAND IT. END QUOTE.

4. THIS POINT WAS FURTHER DEVELOPED IN FOLLOWING COLLOQUY BETWEEN SUAVE AND MEMBER OF THE COMMITTEE; BEGIN QUOTE.

SENATOR MACNAUGHTON: I CANNOT QUITE UNDERSTAND ONE POINT. ON THE ONE HAND WE HAVE INITIATED VERY SERIOUS HIGH LEVEL TALKS WITH THE GOVERNMENT OF THE UNITED STATES TO REGULATE THIS POINT OF FRICTION. IT IS A VERY SERIOUS MATTER BETWEEN THE TWO COUNTRIES.

HON. MRS. SUAVE: MAY I MAKE A DISTINCTION SENATOR? WHAT WE ARE DISCUSSING WITH THE AMERICAN AUTHORITIES IS A MATTER OF COMMERCIAL DELETION, BUT NOT THIS BILL. THEY HAVE NEVER BROUGHT UP THIS BILL FOR DISCUSSION. WE ARE DISCUSSING COMMERCIAL DELETION.

SENATOR MACNAUGHTON: MY OTHER POINT IS THAT WE HAVE STARTED THESE NEGOTIATIONS AND YET ON THE OTHER HAND WE ARE RACING AHEAD WITH THIS BILL. HOW DO YOU BRING THE TWO TOGETHER?

HON. MRS. SUAVE: THEY ARE TWO DIFFERENT MATTERS. COMMERCIAL DELETION IS ONE PROBLEM ABOUT WHICH WE HAVE INITIATED DISCUSSIONS WITH THE AMERICAN GOVERNMENT AND THE FCC, AND THIS BILL IS A DIFFERENT MATTER WHICH IS NOT UNRELATED, MIND YOU, BUT THEY ARE TWO DIFFERENT AREAS AND THE AMERICAN GOVERNMENT DOES NOT CONTEST OUR RIGHT TO LEGISLATE IN THIS AREA. THEY HAVE NEVER BROUGHT IT UP. THEY HAVE ONLY BROUGHT UP THE MATTER OF COMMERCIAL DELETION WHICH IS A POLICY STARTED BY THE CRTC TO PROTECT THE INDUSTRY AND MADE THE GRANTING OF CERTAIN LICENCES CONDITIONAL UPON THE DELETION OF COMMERCIALS.

SENATOR MACNAUGHTON: OF COURSE THE U.S. GOVERNMENT WILL NOT CONTEST OUR RIGHT TO DO WHAT WE WANT WITHIN OUR OWN COUNTRY AT THE MOMENT, BUT WHAT ABOUT THE FUTURE? THEY MIGHT START INITIATING SIMILAR LEGISLATION OF THEIR OWN AND SO WE HAVE POINT AND UNCLASSIFIED

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COUNTERPOINT ALL THE WAY THROUGH. END QUOTE.

5. COPIES OF MAY 5-6 TRANSCRIPT HAVE BEEN SENT BY AIRMAIL TO STATE EUR/CAN (BLAKEMORE); EB/TT/TD (ANDERSON); FCC (JOHNSON). DEPT/FCC MAY WISH TO REVIEW BALANCE OF MATERIAL ON PP37-47 WHICH ILLUSTRATES THE NATURE OF SENATE QUESTIONING. MRS. SUAVE INDICATED HER INTEREST IN RAPID IMPLEMENTATION OF BILL AS NEW VANCOUVER CHANNEL WILL BE ON AIR IN FALL OF 1976 (P.45); HER DISDAIN FOR KVO5 PROPOSALS (PP45-46); AND HER VIEW (AND THAT OF DEPUTY MINISTER YALDEN) ON MARCH 18 CRTC MEETING WITH U.S. STATIONS (PP38-39).

6. ON PREVIOUS DAY, SENATE COMMITTEE HEARD SECRETARY OF STATE FAULKNER AND REVENUE MINISTER CULLEN. LATTER

GAVE FULL EXPLANATION OF HIS DEPARTMENT'S DEALING WITH TIME AND ATTEMPTED FURTHER CLARIFICATION OF "NOT SUBSTANTIALLY THE SAME" (PP5-16).

7. FAULKNER EMPHASIZED IN HIS STATEMENT "OPENNESS" OF CANADIAN CULTURAL MARKET WHICH HE FELT WAS INHIBITING ABILITY OF CANADIAN INDUSTRIES TO GROW: QUOTE. I THINK WE HAVE TO BE REALISTIC ABOUT THE ECONOMIC REALITIES OF THE THIN, REGIONAL MARKET OF CANADA COMPARED TO THE U.S. WE WILL ALWAYS BE A NET IMPORTER OF CULTURAL PRODUCTS; WE WILL ALWAYS BE OPEN, OUTWARD LOOKING IN CULTURAL TERMS. OUR CHALLENGE IS TO CONTINUE TO DEVELOP CULTURAL STRATEGIES WHICH LEAD TO SIGNIFICANT--RATHER THAN SIMPLY PERIPHERAL-- MARKET SHARES FOR CANADIAN BOOKS, MAGAZINES, FILMS TELEVISION, AND OTHER CULTURAL INDUSTRIES. END QUOTE.

8. HE MADE AN INTERESTING COMPARISON OF INTENT OF C-58 VIS A VIS U.S. PERIODICALS WITH TAX AND OTHER POLICIES OF AUSTRIA AND SWITZERLAND VIS A VIS PERIODICALS FROM GERMANY (P. 18).
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